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DE RUEHSB #0440/01 1371032

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R 161032Z MAY 08  
FM AMEMBASSY HARARE

TO RUEHC/SECSTATE WASHDC 2908  
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHUJA/AMEMBASSY ABUJA 1962  
RUEHAR/AMEMBASSY ACCRA 1978  
RUEHDS/AMEMBASSY ADDIS ABABA 2099  
RUEHRL/AMEMBASSY BERLIN 0648  
RUEHBY/AMEMBASSY CANBERRA 1376  
RUEHDK/AMEMBASSY DAKAR 1733  
RUEHKM/AMEMBASSY KAMPALA 2155  
RUEHNR/AMEMBASSY NAIROBI 4586  
RHEHAAA/NSC WASHDC  
RHMFIS/EUCOM POLAD VAIHINGEN GE  
RUEHGV/USMISSION GENEVA 1239  
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK  
RHEFDIA/DIA WASHDC  
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000440

AF/S FOR S.HILL  
ADDIS ABABA FOR USAU  
ADDIS ABABA FOR ACSS  
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN  
TREASURY FOR D.PETERS AND T.RAND  
STATE PASS TO USAID FOR L.DOBINS AND E.LOKEN  
COMMERCE FOR BECKY ERKUL  
CIA WASHDC

SIPDIS

E.O.12958: N/A  
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [EAGR](#) [EFIN](#) [ZI](#)

SUBJECT: ZIM NOTES 5-16-2008

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11. SUMMARY  
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Topics of the week:

- Moving Toward Presidential Runoff Date
- Ambassador Highlights Violence
- Police Storm Anglican Church During Communion
- Let Me See Your "Movement Permit"
- Labor Leaders Still Detained
- Zimbabwe Ranks 186th Of 195 Countries In Press Freedom
- Hackers Make Political Statements
- Zimbabwe Makes Arrears Payment To AfDB
- Official Rate Of Inflation On The Up
- New Z\$500 Million Note
- Zimbabwe Temporarily Removes Duty On Basic Commodities
- USDA Reports Dismal Maize Crop
- Volumes Down But Outlook Up At Delta

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Price Movements-Exchange Rate  
and Selected products  
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12. Parallel rate for cash diverged at ZW\$275 million:US\$1 from  
inter-bank average of Z\$250 million:US\$1  
Bank transfer rate: Z\$320 million; official rate: ZW\$\$30,000:US\$1

Sugar rose to Z\$500 million/2kg vs. controlled price of Z\$8  
million/2kg

Cooking oil is steady at Z\$700 million/750ml vs. controlled price of  
Z\$9.3 million/750ml

Petrol and diesel rose to Z\$560million/liter vs. controlled price of  
Z\$60,000/liter

¶3. Moving Toward Presidential Runoff Date... Invoking powers of the Electoral Act, the Zimbabwe Electoral Commission (ZEC) announced this week that the presidential runoff election will be held within 90 days of May 2—the date on which ZEC announced the presidential election results. This means that the runoff must be held on or before July 31, 2008. The government-controlled The Herald announced today that an actual date would be set within the next day.

¶4. Ambassador Highlights Violence... Over the last week the Ambassador publicly highlighted the ongoing ZANU-PF-directed campaign of violence—the most significant crisis facing Zimbabwe today. He visited a local hospital where approximately 40 victims were being treated, wrote a letter to The Herald decrying the violence (it was published on May 12), and visited a torture camp and rural hospitals on May 13. Demonstrating that it has felt the effects of this high-profile campaign, the Ministry of Foreign Affairs summoned the Ambassador on May 14 and presented him with a diplomatic note accusing him of interfering in Zimbabwe's internal affairs. See Harare 432.

¶5. Police Storm Anglican Church During Communion... On May 11, officers entered the Anglican cathedral in Harare and beat parishioners as they lined up to receive communion; it was the third consecutive week of disrupted services presided over by the popular

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Rev. Paul Gwese. The disruptions stem from the ongoing dispute between ZANU-PF stalwart Bishop Kunonga and the more popular Bishop Bakare. Allegedly, Bishop Kunonga has labeled Bishop Bakare's followers as members of the MDC. An embassy FSN was injured in the melee.

¶6. Let Me See Your "Movement Permit"... Residents in violence-ridden areas of Mudzi South and Mutoko South in Mashonaland East province are now required to carry a "movement permit" to leave or re-enter their rural areas. Movement in these areas is tightly controlled according to witnesses who gave evidence to Embassy officials. Details contained in the permit include Name, ID Number, Ward, Village and ZANU-PF membership card sireal (sic) number. Samples of movement permits that we saw are signed by war veterans and include their names and national ID numbers.

¶7. Labor Leaders Still Detained... Zimbabwe Congress of Trade Union (ZCTU) leaders Wellington Chibabe and Lovemore Matombo continue to await their bail hearing after their May 6 arrest for "inciting people to rise against the government and reporting falsehood about people being killed." The AFL-CIO President condemned the arrests this week as a violation of international labor law.

¶8. Zimbabwe Ranks 186th Of 195 Countries In Press Freedom... In Freedom House's annual Freedom of the Press Report, Zimbabwe ranked near the very bottom of the list—worse than China and Iran. Its score of 89 (of a possible 100) was based on the government's continued hostility towards journalists and independent media outlets and the legal framework that inhibits press freedom. The report specifically decried Zimbabwean law that prohibits publication of "inaccurate" information, restrictions on independent newspapers, the jamming of foreign radio signals, and violence and death threats against journalists.

¶9. Hackers Make Political Statements... All headlines on one day's electronic edition of The Herald this week were switched to "Gukurahundi," which means "wipe out the chaff." Gukurahundi was the name of the campaign waged by the Mugabe regime in the mid 1980s against perceived opposition in the Matabeleland and Midlands provinces. It cost an estimated 20,000 lives. This week's Financial Gazette also got hacked. Headlines led with "Mugabe Must Go! Free Zim!"

¶10. Zimbabwe Makes Arrears Payment To AfDB... According to a revised press release posted on the African Development Bank (AfDB) website on May 12 and confirmed by a source within the RBZ, Zimbabwe paid US\$500,000 to the African Development Bank and US\$150,000 to the African Development Fund on April 14, 2008. An earlier AfDB press release, strongly refuted by the RBZ, had put the payment at US\$700 million. Zimbabwe is about US\$ 1.4 billion in arrears to the International Financial Institutions.

¶11. Official Rate Of Inflation On The Up... According to an unnamed Ministry of Finance official quoted in today's The Independent, the official year-on-year rate of inflation rose from 165,000% in February to 355,000% in March 2008. The official is also said to have hinted that the figure could change as the Central Statistical Office (CSO) was still trying to come up with the right consumer basket. Notwithstanding this, credible private sources estimate the rate of inflation to be close to one million percent. The price of The Herald, on the other hand, increased to Z\$200 million this week, up from Z\$10,000 a year ago, which works out to a

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rate of nearly two million percent.

¶12. New Z\$500 Million Note... The Reserve Bank of Zimbabwe (RBZ) introduced yet another new bearer check, the Z\$500 million note (about US\$2) on May 15, 2008, hardly a week after introducing Z\$100 million and Z\$250 million notes. The RBZ also announced the introduction on May 20 of new "agro checks" in denominations of Z\$5 billion, Z\$25 billion and Z\$50 billion to be used by agro-based enterprises for the purchase of goods and services by farmers. Like the current bearer checks, the agro checks are set to expire in December 2008. Hyperinflation will most likely have pushed most of these notes out of the market by then, as has been the case with bearer checks issued over the last two years.

¶13. Zimbabwe Temporarily Removes Duty On Basic Commodities... In what appears to be an attempt to lure the public to vote ZANU-PF as the economy sinks further, the GOZ suspended duty on some imported basic commodities for personal use over the next 90 days. Only last month, duty became payable in forex at the much more expensive inter-bank exchange rate. The temporary removal of duty was ostensibly designed to boost supply while capacity utilization improves following foreign exchange reforms.

¶14. USDA Reports Dismal Maize Crop... 2007/08 maize production was about 470,000 MT, or only 27% of Zimbabwe's national requirement, according to a quarterly update on grain and feed in Zimbabwe, published by the USDA FAS Global Agriculture Information Network. Zimbabwe will need to import over 1.2 million MT of maize to cover the anticipated deficit.

¶15. Volumes Down But Outlook Up At Delta... Brewing giant Delta Corporation reported beverage volumes down 24% over the previous reporting year as disposable income shrank and supplies of maize, barley malt, electricity and bottle caps thinned out. However, this investor favorite, regarded as a "blue chip" among Zimbabwe's publicly listed companies, enjoys no gearing, a strong cash flow and solid brands, leading analysts to recommend a long-term buy.

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